

Reliance Textile Industries Limited

Annual Report 1979

ANNUAL GENERAL MEETING

on Friday, the 24th April, 1981
at Birla Matushri Sabhaghar
19, Sir Vithaldas Thackersey Marg
Bombay - 400 020
at 4 pm.

Shareholders are requested to bring their copy of the Annual Report along with them at the General Meeting, as copies of the Report will not be distributed at the Meeting.

CONTENTS

| | |
|---------------------------------------------------------------------------|-------|
| Sources & Application of Funds, Financial Highlights and Ratios | 2-3 |
| Directors' Report | 4-7 |
| Balance Sheet | 8 |
| Profit and Loss Account | 9 |
| Schedules A to I Annexed to Balance Sheet | 10-18 |
| Schedules J to M Annexed to Profit and Loss Account | 19-21 |
| Notes on Balance Sheet and Profit and Loss Account Schedule N | 22-27 |
| Auditors' Report | 28-29 |

BOARD OF DIRECTORS

DHIRUBHAI H. AMBANI (Chairman & Managing Director)
RAMNIKLAL H. AMBANI (Joint Managing Director)
K. GOPAL RAO
JAYANTILAL R. SHAH
MANSINGH L. BHAKTA
K. SANTHAPPA SHENOY (Nominee Director - G.I.C.)
ARJAN J. ADVANI (Nominee Director - ICICI)
T. RAMESH U. PAI
NATVARLAL H. AMBANI (Executive Director)
RAMANLAL C. PATEL (Executive Director)
RASIKLAL L. MESWANI (Executive Director)
MUKESH D. AMBANI

SECRETARY

S. NATARAJAN
VINOD M. AMBANI

SOLICITORS & ADVOCATES

KANGA & CO.
DAVE & CO.

AUDITORS

RAJENDRA & CO.
CHATURVED & SHAH

BANKERS

SYNDICATE BANK
BANK OF BARODA
CANARA BANK
INDIAN BANK
STATE BANK OF INDIA
GRINDLAYS BANK LIMITED
ANDHRA BANK LIMITED
INDIAN OVERSEAS BANK

REGISTERED OFFICE

COURT HOUSE,
TILAK MARG, DHOB
TALAO, BOMBAY 400 002.

MAIN OFFICE

TULSIANI CHAMBERS,
10TH FLOOR,
PLOT NO. 212,
NARIMAN POINT,
BOMBAY 400 021

MILLS

1031106, NARODA INDUSTRIAL ESTATE,
NARODA, AHMEDABAD 382 330
&
(TAKEN ON LEAVE AND LICENCE BASIS) THE
SIDHPUR MILLS COMPANY LIMITED
SIDHPUR, MEHSANA DIST, NORTH GUJARAT.

Annual Report 1979

FUNDS FLOW

(Rs. in Lacs)
1979

A. SOURCES OF FUNDS

1. INTERNAL FINANCING

| | | |
|-----------------------------|--------|---------|
| 1.1 Net Profit | 821.25 | |
| 1.2 Add: Depreciation | 433.99 | |
| | | 1255.24 |
| 1.3 Less: Proposed Dividend | | 158.19 |

1097.05

2. EXTERNAL FINANCING

| | | |
|---------------------------------------|--|--------|
| 2.1 Increase in Share Capital | | 158.78 |
| 2.2 Premium on Right Shares | | 97.17 |
| 2.3 Issue of Convertible Debentures | | 700.00 |
| 2.4 Net increase in Long Term Loans | | 286.79 |
| 2.5 Increase in Working Capital Loans | | 640.12 |
| 2.6 Increase in Unsecured Loans | | 178.89 |

2061.75

TOTAL

3158.80

B. APPLICATION OF FUNDS

| | |
|-----------------------------------|---------|
| 1. Capital Expenditure | 1705.10 |
| 2. Increase in Net Current Assets | 1450.26 |
| 3. Increase in Investments | 3.44 |

TOTAL

3158.80

FINANCIAL HIGHLIGHTS

(Rs. in Lacs)

| | 1979 | 1977-78 (15 Months) | 1976-77 | 1975-76 (15 Months) |
|-----------------------------------------------|--------------|------------------------|---------|------------------------|
| Sales | 15512.53 | 12010.91 | 6693.44 | 6272.88 |
| Other Income | 260.72 | 198.11 | 204.78 | 235.54 |
| Profit on sale and/or discard of Assets (Net) | — | 1.66 | — | — |
| (A) | 15773.25 | 12210.68 | 6898.22 | 6508.42 |
| Manufacturing Expenses | (B) 13800.24 | 10700.71 | 6189.19 | 6064.73 |
| GROSS PROFIT (A-B) | (C) 1973.01 | 1509.97 | 709.03 | 443.69 |
| Loss on sale and/or discard of Assets (Net) | 1.28 | — | 1.42 | 1.00 |
| Interest | 715.38 | 494.91 | 275.06 | 269.57 |
| Depreciation | 435.10 | 339.73 | 134.51 | 114.10 |
| Provision for Taxation | — | 20.00 | 5.00 | — |
| (D) | 1151.76 | 854.64 | 415.99 | 384.67 |
| NET PROFIT (C-D) | 821.25 | 655.33 | 293.04 | 59.02 |

Reliance Textile Industries Limited

(Rs. in Lacs)

| | 1979 | 1977-78 | 1976-77 | 1975-76 |
|-----------------------------------------------------------------------------------------------------------------|-----------------|-------------------|----------------|---------------|
| | Rs. | Rs. | Rs. | Rs. |
| WHAT THE COMPANY OWNED | | | | |
| Fixed Assets | | | | |
| Gross Block | 4795.68 | 3090.58 | 1699.92 | 1278.90 |
| Less: Depreciation | 1021.20 | 587.21 | 248.47 | 114.10 |
| Net Block | 3774.48 | 2503.37 | 1451.45 | 1164.80 |
| Investments | 7.28 | 3.84 | 0.38 | 0.31 |
| Net Current Assets (Excess of Current Assets, Loans and Advances over Current Liabilities and Provisions) | 4760.64 | 3290.90 | 1459.04 | 1228.20 |
| TOTAL | 8542.40 | 5798.11 | 2910.87 | 2393.31 |
| WHAT THE COMPANY OWED | | | | |
| Secured Loans | 5589.62 | 3963.24 | 1893.16 | 1645.40 |
| Unsecured Loans | 589.31 | 390.41 | 63.55 | 27.53 |
| TOTAL | 6178.93 | 4353.65 | 1956.71 | 1672.93 |
| NET WORTH OF THE COMPANY | | | | |
| Share Capital | 783.89 | 625.11 | 595.11 | 595.11 |
| Share Application Monies | — | — | 30.00 | — |
| Reserves & Surplus | 1579.58 | 819.35 | 329.05 | 125.27 |
| TOTAL | 2363.47 | 1444.46 | 954.16 | 720.38 |
| FINANCIAL RATIOS | | | | |
| Debt : Equity | 1.16:1 | 1.09:1 | 0.77:1 | 0.65:1 |
| Current Assets : Current Liabilities | 1.22:1 | 1.13:1 | 1.10:1 | 1.01:1 |
| Net Sales : Net Block | 4.11:1 | 4.80:1 | 4.61:1 | 5.39:1 |
| Earnings per Equity Share | Rs. 13.79 | Rs. 11.32 | Rs. 5.01 | Rs. 0.99 |
| DIVIDEND DECLARED/RECOMMENDED | | | | |
| On Equity Shares | 154.89 (25%) | 163.66 (27.5%) | 89.27 (15%) | 17.85 (3%) |
| On Preference Shares | 3.30 (11 %) | 2.63 (11 %) | — | — |

Annual Report 1979

DIRECTORS' REPORT

To the Members,

Your Directors have pleasure in submitting the 6th Annual Report, together with the Audited Statement of Accounts for the year ended 31st December, 1979.

FINANCIAL RESULTS

| | (Rs. in lakhs) | |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|------------------------|
| | 1979 (12 months) | 1977-78 (15 months) |
| <i>Gross Profit</i> | 1256.35 | 1015.06 |
| Of the above, following provisions and for appropriations have been made: | | |
| a) Depreciation | 435.10 | 339.73 |
| b) Investment Allowance Reserve | 290.00 | 240.00 |
| c) Taxation | — | 20.00 |
| | <u>725.10</u> | <u>599.73</u> |
| There remains a balance of | 531.25 | 415.33 |
| Adding thereto: | | |
| Provision for doubtful debts written back | — | 1.26 |
| Balance brought forward from previous year | 0.05 | 0.05 |
| | <u>0.05</u> | <u>1.31</u> |
| | 531.30 | 416.64 |
| <i>Less:</i> | | |
| Recommended Dividend: | | |
| a) Preference Shares at Rs. 11/- per share (subject to deduction of tax) on 30,000-11% Cumulative Redeemable Preference Shares of Rs. 100/- each (Previous period Rs. 8.77 pro rata per share) | 3.30 | 2.63 |
| b) Equity Shares at Rs. 2.50 per share (subject to deduction of tax) on 59,51,100 Equity Shares of Rs.10/- each (Previous period Rs.2.75 per share) and at Re. 0.65 pro rata per share (subject to deduction of tax) on 9,40,000 Equity Shares of Rs.10/- each (Previous period Rs. nil) | <u>154.89</u> | <u>163.66</u> |
| | 158.19 | 166.29 |
| Retained Profits | 373.11 | |
| <i>Less: Transferred to General Reserve</i> | <u>370.00</u> | <u>250.30</u> |
| Leaving Balance to be carried forward to next year's Accounts. | <u>3.11</u> | <u>0.05</u> |

DIVIDEND

Your Directors recommend for consideration at the Annual General Meeting, declaration and payment of following dividend (subject to deduction of tax at source).

ON PREFERENCE SHARES

On 30,000 – 11% Cumulative Redeemable Preference Shares of Rs.100/-each fully paid-up, at the rate of 11% per annum i.e. at Rs. 11/- per share.

Rs.

Rs.

3,30,000

ON EQUITY SHARES

Dividend at Rs. 2.50 per share on 59,51,100 Equity Shares of Rs. 10/- each fully paid-up.

1,48,77,750

Dividend at Re.0.65 (Pro rata) per share on 9,40,000 Equity Shares of Rs. 10/- each fully paid-up

6,11,643

1,54,89,393

1,58,19,393

LISTING OF SHARES

Your Directors have pleasure to inform that the Equity Shares of the Company have been recognised as an Active Scrip by Bombay and Ahmedabad Stock Exchanges. The Equity Shares of the Company have further been enlisted with Delhi, Madras, Bangalore and Calcutta Stock Exchanges.

ADDITIONAL CAPITAL

In terms of the listing requirements of the Bombay Stock Exchange as mentioned in the Letter No. R-146-CCI/79-1770, dated 22nd May, 1979 issued by the Controller of Capital Issues and to finance the expansion project undertaken during the year, the Company made an offer of 6,47,832 Equity Shares of Rs. 10/- each as 'Right Shares' to the shareholders other than the 'promoter shareholders', at a premium of Rs. 15/- per share in proportion of 4 Equity Shares for every 25 Equity Shares held by the said shareholders. The said shares were subscribed by the shareholders and were allotted on the 31st December, 1979. The Right Shares would be entitled to dividend as may be declared for the financial year that has commenced from 1st January, 1980.

In terms of the convertible clause attached to the Term Loans earlier availed from the Financial Institutions, the Company issued and allotted 9,40,000 Equity Shares of Rs. 10/- each at par on 28.9.1979.

EXPANSION PROJECT

As mentioned in the last Directors' Report, the Company went ahead with the expansion project, viz: Worsted Spinning Plant and successfully commissioned the same in December, 1979 with the active assistance of the Financial Institutions. The rupee loans, inter alia, obtained as a project finance, from Financial Institutions aggregating to Rs. 300 lacs are subject to conversion upto 20% thereof, viz, Rs: 60 lacs into Equity Shares of the Company of the face value of Rs. 10/- at a premium of Rs. 151 per share during the period from October, 1980 to September, 1982.,

Apart from raising additional capital by way of Right issue, this project was also partly financed by the issue of 1,40,000 - 11% partially Convertible Secured Redeemable Debentures of Rs. 500/- each. The Directors have pleasure to inform you that the Public Issue for the same was made during October, 1979 and the same was over-subscribed by more than 6 times. In consultation with Stock Exchange, Bombay, the allotment for the same was finalised in a record time of 12 working days from the closure of the subscription list. The said partially Convertible Secured Redeemable Debentures are now listed on the Stock Exchanges at Bombay, Ahmedabad, Delhi, Madras and Bangalore.

BONUS ISSUE:

With a view to improve upon the capital base of the Company, your Directors recommend capitalisation of Rs. 4,52,33,590 from the General Reserve and Share Premium Account. Your Directors recommend issue of three Equity Shares of Rs.10/- each fully paid-up as Bonus Shares for every five Equity Shares held by shareholders. The necessary resolutions for the same are included in the Notice of the Annual General Meeting. In the event of Bonus Shares being issued in the aforesaid ratio, additional shares would be issued to the following:

- (a) The Financial Institutions on exercising their option, earlier referred to, would be allotted additional shares, pro rata, to the original entitlement.
- (b) The Debenture holders on exercising their option of conversion would be allotted additional shares, pro rata, to the original entitlement, viz, 6.4 Equity Shares as against 4 Equity Shares in accordance with the terms of the Prospectus dated 6th September, 1979.
- (c) The shareholders of The Sidhpur Mills Company Limited shall be entitled to additional shares, pro rata, on the Scheme of Amalgamation being approved by the Gujarat and Bombay High Courts and the concerned Government Authorities.

YEAR IN RETROSPECT

Despite various constraints during the year under review which experienced bottlenecks with regard to availability of raw materials, Inadequacy of power supply, squeeze in working capital availability, recession in the textile industry in the last quarter of the year, etc., your Directors have made it possible to not only sustain growth of the Company consistently but also maintained the same tempo as was projected last year.

The Government announced imports of Polyester Filament Yarn under Open General Licences in January, 1979. This impact is reflected only for a part of the year.

Your Company opened a large number of retail outlets throughout the country to meet the growing demand of the consumers. With a view to enable the public to appreciate the versatile quality of the product range, your Company had conducted successfully fashion shows, audio-visual programmes at various centres throughout the country. The turnover during the year under review has exceeded Rs. 155 Crores against Rs.120 Crores in the previous period of 15 months. This turnover includes exports of Rs. 19 Crores as against Rs. 12 Crores of the previous period. The Company commissioned during December, 1979, as stated earlier, a new unit for the manufacture of man-made fibre on the Worsted System. This project has engaged the Company to a greater degree of flexibility in producing suitings from wide range of yarn in many different blends and colours. This capability is vital for the suitings market where crease resistance and

pleat retention are important factors. With the establishment of a spinning facility, the Company would reduce its dependence on others. Your Company, therefore, would be better placed in planning in its suitings production and the turnover is expected to be further augmented. It is gratifying to note that the blended yarn introduced in the market has received encouraging support and quality of the yarn is accepted as a standard one.

EXPANSION AND MODERNISATION

Your Company is strongly of the opinion that the clothing of the growing population has to be increasingly met by man-made fibres, particularly Polyester, which can be blended or mixed with any other natural or man-made fibre and which imparts not merely elegance but also quality such as easy-care, crease resistance, pleat retention, etc.

The growth of polyester industry has been spectacular in the world and the total production of this synthetic fibre is around 42 lac tons compared to the total man-made fibre production in India of around 1.87 lac tons, which in itself, again, accounts for only 13% of all types of textile fibre produced in the country.

The Government's latest multifibre policy is a step in the right direction. A study made by Textile Committee on rural areas for blended fabrics also indicates that there is a gradual shift in their preferences. It is evident, therefore, that with the increase in population, the demand for man-made textiles would also increase.

With a view to contribute and in bridging the gap between the demand and supply, your Company has planned for installing 154 Imported shuttleless automatic looms, the landed cost whereof would be around Rs. 19 Crores. Your Company has obtained necessary permissions, for this project. It is envisaged that the production from the loom is expected to commence phasewise in the last quarter of the current financial year. The implementation of the project would improve the overall efficiency of the Company's production and enable to improve product-mix towards higher value added items resulting in higher units sales realisation and overall improvement in profitability.

AMALGAMATION OF THE SIDHPUR MILLS COMPANY LIMITED

Your Company is vigorously pursuing with the concerned authorities in obtaining approvals for the amalgamation of The Sidhpur Mills Company Limited (SIDHPUR) with your Company. Clearances from the Specified Authority under Section 72-A of the Income-tax Act, the Monopolies and Restrictive Trade Practices Authority, the Controller of Capital Issues and also final orders from the Hon'ble High Courts of Gujarat and Bombay are awaited. In view of the above, the accounts under review have been presented to

you without incorporating the accounts of SIDHPUR, the specified date for the amalgamation proposed being 31st January, 1979. However, pursuant to the order of the Gujarat High Court, your Company has been asked to run the SIDHPUR on Leave and Licence basis from 10th December, 1979, and accordingly, necessary entries have been effected in the accounts under review.

SIDHPUR is situated in a backward area and has facilities of spindles and looms; but they are required to be modernised. Your Company has a programme to rehabilitate and revive SIDHPUR, upon completion of the amalgamation.

VENTURES ABROAD

The Company has been negotiating with various Companies abroad for setting up joint ventures and rendering technical know-how. As for the first measure of success, your Company signed an agreement for supply of technical know-how and assistance to Ceylon Synthetic Textile Mills Limited (CYNTEX) at Sri Lanka for a period of 3 years commencing 1st January, 1980. Your Company deems it a privilege to supply technical know-how and assistance to CYNTEX, particularly because the said mill is having Equity participation by reputed foreign textile organisations, viz: Sakai and Mitsui Company Limited, both of Japan and being financially assisted by organisations in Belgium and The Netherlands and the International Finance Corporation, Washington.

The Company is also negotiating for setting up of a joint venture in Zambia with Equity participation and technical collaboration. Your Company does not envisage difficulty in obtaining approvals of the concerned Governments and the Central Banks. This would set the pace for future collaborations that are being negotiated in other developing countries.

RESEARCH & DEVELOPMENT

The Company is committed to a continuous programme of technological upgradation and to improve its efficiency in product range and profitability. In order to attain these standards, the Company has always to be competitive both in the domestic and export markets. Reckoning the importance, your Company has set up a Research & Development wing, which has obtained the Central Government's recognition. The Research & Development centre is being manned by qualified and experienced executives.

The Research & Development wing, during the year, have developed, inter alia, various dyeing processes of a sophisticated nature, developed import substitutes for multi-coloured capsulated dyes, indelible markings and techniques for spaced dyeing on yarn and fabrics. Achievements of this nature have imparted not only savings in foreign exchange but also economies in production.

FIXED DEPOSITS

During the year, the Company had accepted/renewed fixed deposits from the Shareholders and Public (including existing deposits) under the Companies (Acceptance of Deposits) Rules, 1975 as amended by the Companies (Acceptance of Deposits) Amendment Rules, 1978 and the additional deposits accepted aggregated to Rs. 1.41 Crores. Your Directors appreciate the confidence reposed in the Company by the members and the public at large.

There were no unclaimed deposits outstanding as on 31st December, 1979 except Rs. 11,000/- due for payment/renewal to 4 deposit holders. Despite communication to the depositors for appropriate steps, they have not been claimed so far. However, no interest is payable on such deposits.

PARTICULARS OF EMPLOYEES

Information as per sub-section (2-A) of Section 217 of the Companies Act, 1956 read with the Companies (Particulars of Employees) Rules, 1975 forming part of the Directors' Report for the year ended 31st December, 1979, is annexed.

DIRECTORS

During the year, Shri Arjan J. Advani, a nominee Director of the Industrial Credit & Investment Corporation of India Limited (ICICI) was appointed as an Additional Director of your Company, not liable to retire by rotation. Shri T. Ramesh U. Pai was also appointed as an Additional Director during the year. Pursuant to Section 257 of the Companies Act, 1956, Shri Arjan J. Advani and Shri T. Ramesh U. Pai hold office until the ensuing Annual General Meeting and being eligible, offer themselves for reappointment as Directors of the Company.

Sarvashree Mukesh D. Ambani, Jayantilal R. Shah and Mansingh L. Bhakta retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for reappointment.

Regd. Office:

Court House,
Tilak Marg,
Dhobi Talao,
BOMBAY 400 002.

31st March, 1980.

The Company has obtained necessary approvals of the Central Government under Sections 269, 198(4) and 309(3) of the Companies Act, 1956 for the terms of appointment and remuneration payable to Chairman and Managing Director, Joint Managing Director and Executive Directors with effect from 1st March, 1979. In view of several important projects being taken up in hand simultaneously and with a view to successfully implement the same at the earliest, heavy responsibilities have to be shouldered by the Chairman and Managing Director, Joint Managing Director and other Executive Directors. The present government with its enlightenment and wisdom, recognises importance of managerial remuneration. There have been reports that the Government would be reconsidering upward revision in managerial remuneration. Accordingly, your Board have proposed resolutions for revision in the managerial remuneration effective 1st January, 1981, at the Annual General Meeting.

AWARD

Members will be pleased to note that your Company has secured Government's second prize for excellence in printing and designing of the Annual Report for 1976-77.

AUDITORS

Messrs. Rajendra & Co., and Messrs. Chaturvedi & Shah, existing Auditors of the Company, who hold the office until the conclusion of the Annual General Meeting are recommended for re-appointment. The Company has received a certificate from the above Auditors to the effect that their appointments if made would be within the prescribed limits under Section 224(1) of the Companies Act, 1956.

APPRECIATION

Your Directors wish to place on record their deep sense of appreciation of the devoted services rendered by the Executives, Staff and Workers of the Company for another successful year.

On behalf of the Board of Directors
DHIRUBHAI H. AMBANI
Chairman & Managing Director

Annual Report 1979

BALANCE SHEET AS AT 31ST DECEMBER, 1979

| | Schedule | Rs. | 1979 | Rs. | As at 31st December, 1978 Rs. |
|----------------------------------------|----------|--------------|--------------|--------------|-------------------------------------|
| FUNDS EMPLOYED | | | | | |
| Share Capital | 'A' | | 7,83,89,320 | | 6,25,11,000 |
| Reserves and Surplus | 'B' | | 15,79,57,928 | | 8,19,34,725 |
| TOTAL SHAREHOLDERS' FUNDS | | | 23,63,47,248 | | 14,44,45,725 |
| Secured Loans | 'C' | | 55,89,62,508 | | 39,63,23,765 |
| Unsecured Loans | 'D' | | 5,89,31,152 | | 3,90,41,889 |
| | | | 85,42,40,908 | | 57,98,11,379 |
| FUNDS APPLIED | | | | | |
| Fixed Assets | 'E' | | 37,74,48,286 | | 25,03,36,958 |
| Investments | 'F' | | 7,28,225 | | 3,84,100 |
| Current Assets, Loans & Advances: | | | | | |
| (a) Current Assets | 'G' | 69,46,62,964 | | 43,58,24,881 | |
| (b) Loans & Advances | 'H' | 2,88,57,659 | | 1,61,30,893 | |
| | | 72,35,20,623 | | 45,19,55,774 | |
| Less: Current Liabilities & Provisions | | 24,74,56,226 | | 12,28,65,453 | |
| | | | 47,60,64,397 | | 32,90,90,321 |
| | | | 85,42,40,908 | | 57,98,11,379 |
| NOTES & CONTINGENT LIABILITIES | 'N' | | | | |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

R. J. SHAH
Proprietor.

For **CHATURVEDI & SHAH,**
Chartered Accountants,

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

BOMBAY
Dated: 28th March, 1980.

D. H. AMBANI Chairman & Managing Director

K. GOPAL RAO
J. R. SHAH
M.L.BHAKTA
K. S. SHENOY
A. J. ADVANI
T. RAMESH U. PAI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

BOMBAY
Dated: 31st March, 1980.

Reliance Textile Industries Limited

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER, 1979

| | Schedule | Rs. | 1979 | Rs. | As at 1977-78 (15 Months) Rs. | Rs. |
|------------------------------------------------------|----------|---------------|---------------|-----|-------------------------------------|----------------------|
| INCOME | | | | | | |
| Sales (Net) | | 155,12,53,135 | | | 120,10,90,985 | |
| Profit on sale/discard of Assets (Net) | | — | | | 1,66,205 | |
| Other Income | 'J' | 2,60,71,866 | | | 1,96,44,839 | |
| Increase in Stocks | 'K' | 7,71,77,316 | | | 7,39,32,658 | |
| | | | 165,45,02,317 | | | 129,48,34,687 |
| EXPENDITURE | | | | | | |
| Purchases | | 30,76,12,545 | | | 32,90,15,141 | |
| Manufacturing and Other Expenses | 'L' | 114,95,87,780 | | | 81,48,23,022 | |
| Interest | 'M' | 7,15,38,017 | | | 4,94,90,618 | |
| Loss on sale/discard of Assets (Net) | | 1,28,656 | | | — | |
| Depreciation | | 4,35,10,203 | | | 3,39,73,123 | |
| Provision for Taxation | | — | | | 20,00,000 | |
| | | | 157,23,77,201 | | | 122,93,01,904 |
| Profit for the year | | | 8,21,25,116 | | | 6,55,32,783 |
| Add: Balance as per last Balance Sheet | | | 4,725 | | | 4,825 |
| Provision for doubtful debts no longer required | | | — | | | 1,25,742 |
| | | | 8,21,29,841 | | | 6,56,63,350 |
| APPROPRIATIONS | | | | | | |
| Transfer to Investment Allowance Reserve | | 2,90,00,000 | | | 2,40,00,000 | |
| Interim Dividend paid on Equity Shares | | — | | | 74,38,875 | |
| Proposed Dividends, subject to deduction of tax, on: | | | | | | |
| Preference Shares | | 3,30,000 | | | 2,63,100 | |
| Equity Shares | | 1,54,89,393 | | | 89,26,650 | |
| Transfer to General Reserve | | 3,70,00,000 | | | 2,50,30,000 | |
| | | | 8,18,19,393 | | | 6,56,58,625 |
| SURPLUS CARRIED TO BALANCE SHEET | | | 3,10,448 | | | 4,725 |
| NOTES AND CONTINGENT LIABILITIES | 'N' | | | | | |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

R. J. SHAH
Proprietor.

For **CHATURVEDI & SHAH,**
Chartered Accountants,

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

BOMBAY
Dated: 28th March, 1980.

D. H. AMBANI Chairman & Managing Director

K. GOPAL RAO
J. R. SHAH
M.L.BHAKTA
K. S. SHENOY
A. J. ADVANI
T. RAMESH U. PAI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

BOMBAY
Dated: 31st March, 1980.

Annual Report 1979

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'A'

| SHARE CAPITAL | | 1979 Rs. | As at 31st December, 1978 Rs. |
|--------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-------------------------------------|
| Authorised | | | |
| 1,80,00,000 | Equity Shares of Rs. 10 each (Previous year: 80,00,000 Shares of Rs. 10 each) | 18,00,00,000 | 8,00,00,000 |
| 1,00,000 | 11% Cumulative Redeemable Preference Shares of Rs. 100 each | 1,00,00,000 | 1,00,00,000 |
| 10,00,000 | Unclassified Shares of Rs. 10 each | 1,00,00,000 | 1,00,00,000 |
| | | <u>20,00,00,000</u> | <u>10,00,00,000</u> |
| Issued & Subscribed | | | |
| 75,38,932 | Equity Shares of Rs. 10 each fully paid-up (Of the above, 59,50,000 shares are allotted as fully paid-up, pursuant to a scheme of amalga- mation without payments being received in Cash-Previous Year: 59,51,100 Equity Shares of Rs. 10 each) | 7,53,89,320 | 5,95,11,000 |
| 30,000 | 11% Cumulative Redeemable Preference Shares of Rs. 100 each fully paid-up (Redeemable at any time after 16th March, 1990 but not later than 15th March, 1993) | 30,00,000 | 30,00,000 |
| | | <u>7,83,89,320</u> | <u>6,25,11,000</u> |

NOTES:

1. The Company had issued and allotted 9,40,000 Equity Shares of Rs. 10 each at par to the Financial Institutions on their exercising the option during the year to convert twenty per cent of their Loans into Company's Equity Capital.
2. The Company had issued and allotted 6,47,832 Right Equity Shares of Rs. 10 each for cash at a premium of Rs. 15 per share.

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULES 'B'

RESERVES & SURPLUS

| | | 1979 | | As at 31st December, 1978 |
|----------------------------------------------------------------------------------------------------------------------------|--------------------|---------------------|-------------|------------------------------|
| | Rs. | | Rs. | Rs. |
| Share Premium Account | | | | |
| Received during the year | | | 97,17,480 | — |
| Development Rebate Reserve | | | | |
| As per last Balance Sheet | | | 84,10,000 | 84,10,000 |
| Investment Allowance Reserve | | | | |
| As per last Balance Sheet | 3,15,00,000 | | | 75,00,000 |
| Less: Utilised for purchase of machinery in 1977-78 & 1979- transferred to Invest- ment Allowance (Utilised) Reserve | <u>3,15,00,000</u> | | | <u>—</u> |
| | — | | | 75,00,000 |
| Add: Transferred from Profit & Loss Account | <u>2,90,00,000</u> | | | <u>2,40,000</u> |
| | | 2,90,00,000 | | 3,15,00,000 |
| Investment Allowance (Utilised) Reserve | | | | |
| Transferred from Investment Allowance Reserve | | | 3,15,00,000 | — |
| General Reserve | | | | |
| As per last Balance Sheet | 4,20,20,000 | | | 1,69,90,000 |
| Add: Amount transferred from Profit & Loss Account | <u>3,70,00,000</u> | | | <u>2,50,30,000</u> |
| | | 7,90,20,000 | | 4,20,20,000 |
| Profit & Loss Account | | | | |
| | | 3,10,448 | | 4,725 |
| | | <u>15,79,57,928</u> | | <u>8,19,34,725</u> |

Annual Report 1979

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULES 'C'

SECURED LOANS

| | | 1979 | As at 31st December, 1978 |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------|--------------|------------------------------|
| | Rs. | Rs. | Rs. Rs. |
| WORKING CAPITAL LOANS | | | |
| From Banks | | | |
| Secured against pledge and/or hypothecation of the stock of raw materials, stock-in-process, finished goods, spares & stores, book debts, outstanding export incentives and bills (hereinafter referred to as 'Bankers' goods') both present and future and guaranteed by the Managing Directors and some of the other Directors in their personal capacity | | 34,09,80,758 | 27,69,68,945 |
| DEBENTURES | | | |
| 2,464 11% Privately placed Debentures of Rs. 1000 each fully paid, issued to Unit Trust of India (UTI) redeemable in fourteen half yearly instalments between 30th June 1980 and 31st December, 1986 | 24,64,000 | | — |
| 1,40,000 11% Convertible Mortgage Debentures of Rs. 500 each fully paid | 7,00,00,000 | | — |
| interest accrued and due | 19,48,359 | | — |
| | | 7,44,12,359 | — |
| TERM LOANS | | | |
| From Banks | | | |
| Syndicate Bank | | | 29,00,000 |
| Syndicate Bank, Bank of Baroda & Canara Bank | 1,75,56,572 | | 1,99,56,572 |
| From Financial Institutions | | 1,75,56,572 | 2,28,56,572 |
| Rupee Loans-Life Insurance Corporation of India (LIC), Industrial Development Bank of India (IDBI), Industrial Finance Corporation of India (IFCI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), New India Assurance Company Limited (NIA), Oriental Fire & General Insurance Company Limited (OFGI) & United India Insurance Company Ltd. (UII) | 2,99,65,000 | | 2,33,00,000 |
| Foreign Currency Loan - Industrial Credit & Investment Corporation . of India Limited (ICICI) | 4,03,37,399 | | 4,60,91,512 |
| | | 7,03,02,399 | 6,93,91,512 |
| Carried forward | | 50,32,52,088 | 36,92,17,029 |

Reliance Textile Industries Limited

SCHEDULE 'C' (Contd)

| | 1979 | As at |
|-----------------|--------------|----------------------------|
| Rs. | Rs. | 31st December, 1978 Rs. |
| Brought forward | 50,32,52,088 | 36,92,17,029 |

BRIDGE LOANS

Rupee Loans - Industrial Finance Corporation of India (IFCI), Industrial Development Bank of India (IDBI), General Insurance Corporation of India (GIC), National Insurance Company Limited (NIC), New India Assurance Company Limited (NIA), Orient & Fire & General Insurance Company Limited (OFGI), United India Insurance Company Limited (UII)
Foreign Currency Loans - Industrial Credit & Investment Corporation of India Limited (ICICI) and Industrial Finance Corporation of India (IFCI)

| | |
|-------------|-------------|
| 1,34,25,000 | 1,00,00,000 |
| 3,02,04,700 | — |
| 4,36,29,700 | 1,00,00,000 |

DEFERRED PAYMENT LIABILITIES

To Foreign Machinery Suppliers (guaranteed by Syndicate Bank, Bank of Baroda & Canara Bank)
To Indigenous Machinery Suppliers (guaranteed by Syndicate Bank)

| | |
|--------------|--------------|
| 78,29,722 | 93,17,033 |
| 42,50,998 | 77,89,703 |
| 1,20,80,720 | 1,71,06,736 |
| 55,89,62,508 | 39,63,23,765 |

Of the above:

1. Term Loans from Banks are secured by hypothecation of specific items of plant and machinery by way of prior charge in their favour.
2. Privately placed Debentures and the Term Loan from LIC are secured by way of Legal Mortgage in English Form. Term Loans from above referred financial institutions and deferred payment liabilities guaranteed by banks are secured by Joint Equitable Mortgage of immovable properties, both present and future, by way of deposit of Title Deeds and hypothecation of present and future moveable assets of the Company. The aforesaid charges shall rank pari-passu without preference of one over the other, subject to prior charge in favour of Company's bankers referred to in (1) above and 'Bankers' Goods'.
3. The holders of 1,40,000 11% Convertible Mortgage Debentures of Rs. 500 each have an option to convert 20% of the nominal value of each Debenture into four Equity shares of Rs. 10 each credited as fully paid, at a premium of Rs. 15 per share, at any time during 1st October, 1980 to 30th November, 1980. In the event of Company issuing Bonus Shares prior to Debentureholders exercising their option of conversion, the price of Equity Shares at which the conversion is to be effected shall get reduced in the same ratio of such Bonus Share Capital to the expanded Equity Share Capital. The balance face value of Debentures after Conversion shall be redeemable in five equal annual instalments between 25th October, 1987 and 25th October, 1991. The said Debentures shall be secured by Equitable Mortgage, by deposit of Title Deeds of the Company's immovable properties, both present and future, and hypothecation of moveable assets. The charge so created shall rank pari-passu with the Legal Mortgage in English Form and Equitable Mortgage referred to in

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'C' (Contd)

- (2) above, subject to the prior charge in favour of Company's Bankers referred to in (1) above and on 'Bankers' Goods' (Relevant documents are to be executed between the Company and the Trustees).
4. Bridge Loans are secured by hypothecation of moveable assets but subject to prior charge in respect of Bankers' Goods' for working capital purpose and further secured by personal guarantees of some of the Directors.
 5. The figures of Privately placed Debentures issued to UTI and Rupee Term Loans from Financial Institutions as at the end of the year are arrived at after their exercising the option of conversion amounting to Rs. 94 lacs.

SCHEDULE 'D'

UNSECURED LOANS

| | 1979 | As at 31st December, 1978 |
|-------------------------------------------------------------------------------------------------------------------|--------------------|------------------------------|
| | Rs. | Rs. |
| Fixed Deposits | 4,61,17,000 | 3,20,18,000 |
| From Unit Trust of India - Advance received by way of Deposit towards Privately Placed Debentures to be issued | 55,00,000 | 35,00,000 |
| Short Term Loans from others | 7,78,786 | — |
| From Scheduled Banks: Overdrawn Balances in Current Accounts (as per Books of Accounts) | 65,35,366 | 35,23,889 |
| | <u>5,89,31,152</u> | <u>3,90,41,889</u> |

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'E'

FIXED ASSETS

| Nature of Fixed Assets | GROSS BLOCK (AT COST) | | | DEPRECIATION | | NET BLOCK | |
|------------------------|-------------------------|---------------------|------------------|---------------------|-------------------------|---------------------|--------------------|
| | Cost as at 1-1-1979 Rs. | Additions Rs. | Deductions Rs. | As at 31-12-79 Rs. | Total upto 31-12-79 Rs. | As at 31-12-79 Rs. | As at 31-12-78 Rs. |
| Goodwill | 1,26,24,281 | — | — | 1,26,24,281 | — | 1,26,24,281 | 1,26,24,281 |
| Leasehold Land | 51,11,186 | 6,88,876 | — | 58,00,062 (a) | — | 58,00,062 | 51,11,196 |
| Freehold Land | 1,49,220 | — | — | 1,49,220 | — | 1,49,220 | 1,49,220 |
| Buildings | 3,86,82,382 | 1,68,96,572 | 2,39,027 | 5,53,39,927 (b) | 26,99,970 | 5,26,39,957 | 3,69,03,431 |
| Plant & Machinery | 22,98,83,413 | 14,02,43,354 | 66,718 | 37,00,60,049 (c) | 9,58,74,466 | 27,41,85,583 | 17,51,44,723 |
| Electric Installation | 78,76,022 | 40,66,495 | — | 1,19,42,517 | 10,27,674 | 1,09,14,843 | 72,28,120 |
| Furniture & Fixtures | 96,30,841 | 57,71,941 | 3,74,822 | 1,50,27,960 | 14,37,468 | 1,35,90,492 | 87,39,08 |
| Factory Equipments | 28,22,523 | 20,32,808 | — | 48,55,331 | 3,43,817. | 45,11,514 | 26,33,105 |
| Vehicles | 22,78,130 | 15,69,364 | 78,726 | 37,68,768 | 7,36,434 | 30,32,334 | 18,03,854 |
| | 30,90,57,998 | 17,12,69,410 | 7,59,293 | 47,95,68,115 | 10,21,19,829 | 37,74,48,286 | 25,03,36,958 |
| Previous Year | 16,99,92,191 | 14,18,85,359 | 28,19,552 | 30,90,57,998 | 5,87.21,040 | 25,03,36,958 | 14,51,44,752 |

NOTES:

- (a) Includes Leasehold lands to the extent of Rs. 34,87,326 in respect of which lease deeds are pending execution.
- (b) Includes: (i) Under construction Rs. 6,20,821 and (5) Cost of ownership premises in a Co-operative Society Rs. 3,97,535.
- (c) Includes: (i) In-transit Rs. 42,61,352 and (ii) Under-Installation Rs. 18,53,633.
- (d) No write-off has been made in respect of the lease relating to Leasehold Land as the leases are for perpetuity.

Annual Report 1979

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'F'

| INVESTMENTS (at cost) | | As at | | |
|-----------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------|------------------|---------------------|------------------|
| | | 1979 | 31st December, 1978 | |
| | Rs. | Rs. | Rs. | Rs. |
| Trade Investments -Unquoted | | | | |
| 6 | Equity Shares of New Piece Goods Bazar Co. Ltd. of Rs. 1,000 each, fully paid-up | 17,000 | | 17,000 |
| 5 | Equity Shares of Bombay Gujarat Art Silk Vepari Mahajan Co-operative Shops & Warehouses Society Ltd. of Rs. 200 each, fully paid-up | 1,000 | | 1,000 |
| 165 | Shares of The Art Silk Co-operative Ltd. of Rs. 100 each, fully paid-up | 16,500 | | 12,375 |
| 225 | Shares of Crimpers Industrial Co-operative Society Ltd. of Rs. 100 each, Rs. 25 per share paid-up | 5,625 | | 5,625 |
| | | | 40,125 | 36,000 |
| Other Investments | | | | |
| In Government Securities | | | | |
| Unquoted | | | | |
| 12 | Years National Defence Savings Certificates-Face Value Rs. 4,000 (Deposited with Central Excise Collectorate and Post and Telegraph Department) | 4,000 | | 4,000 |
| 7 | Years National Savings Certificates-Face Value Rs. 4,100 (Deposited with Central Excise Collectorate Rs-. 2,000) | 4,100 | | 4,100 |
| | | | 8,100 | 8,100 |
| In Shares | | | | |
| Quoted | | | | |
| 6,800 | Equity Shares of Housing Development Finance Corporation of India Ltd., of Rs. 100 each, fully paid-up | | 6,80,000 | 3,40,000 |
| | | | 7,28,225 | 3,84,100 |
| Aggregate Value of | | | | |
| | Book Value Rs. | Market Value Rs. | Book Value Rs. | Market Value Rs. |
| Quoted Investments | 6,80,000 | 6,52,800 | 3,40,000 | 3,57,000 |
| Unquoted Investments | 48,225 | | 44,100 | |
| | 7,28,225 | | 3,84,100 | |

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE BALANCE SHEET

SCHEDULE 'G'

CURRENT ASSETS

| | Rs. | 1979 | Rs. | As at 31st December, 1978 Rs. | Rs. |
|---------------------------------------------------------------------------------------------------------|--------------|--------------|-----|-------------------------------------|--------------|
| Inventories (at cost) | | | | | |
| (Certified and valued by the Managing Director) | | | | | |
| Stores, Spares, Dyes and Chemicals | 2,53,22,232 | | | 1,95,25,433 | |
| Raw Materials | 7,23,71,549 | | | 5,48,53,843 | |
| Stock-in-transit | 1,45,48,470 | | | 1,82,12,340 | |
| Stock-in-process | 7,62,58,734 | | | 6,00,62,241 | |
| Finished Goods | 16,21,89,273 | | | 10,20,44,557 | |
| Others | 14,67,879 | | | 6,31,772 | |
| | | 35,21,58,137 | | | 25,53,30,186 |
| Cost of Import Entitlements (Under Export Promotion Scheme) | | 75,29,630 | | | 28,87,802 |
| Sundry Debtors (Unsecured, subject to confirmation) | | | | | |
| Over Six Months: | | | | | |
| Considered Good | 4,28,05,898 | | | 1,20,86,461 | |
| Considered Doubtful | 8,48,244 | | | 4,97,199 | |
| | 4,36,54,142 | | | 1,25,83,660 | |
| Less: Provision for Doubtful Debts | 8,48,244 | | | 4,97,199 | |
| | 4,28,05,898 | | | 1,20,86,461 | |
| Others | 24,69,38,739 | | | 15,75,61,067 | |
| | | 28,97,44,637 | | | 16,96,47,528 |
| Cash on hand | | 8,25,077 | | | 10,59,204 |
| Balances with Scheduled Banks | | | | | |
| In Current Accounts (includes excess Share and Debenture Application Monies refundable Rs. 4,13,72,813) | 4,42,64,483 | | | 67,90,161 | |
| In Fixed Deposit Accounts (includes Rs. 95,000 lodged with Central Excise Authorities) | 1,41,000 | | | 1,10,000 | |
| | | 4,44,05,483 | | | 69,00,161 |
| | | 69,46,62,964 | | | 43,58,24,881 |

Annual Report 1979

SCHEDULES FORMING PART OF THE BALANCE SHEET

SCHEDULE 'H'

| LOANS AND ADVANCES | 1979 Rs. | As at 31st December, 1978 Rs. |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------|
| Unsecured, considered good | | |
| Advances recoverable in cash or in kind or for value to be received (including from Officers Rs. 2,81,602 - Previous year Rs. 3,31,356 ; Maximum balance Rs. 6,16,311- Previous Year Rs. 10,46,210) | 2,39,97,611 | 1,26,15,824 |
| Deposits (includes Rs. 12,08,550 with a firm in which some of the Directors are interested as partners) | 41,38,025 | 21,91,012 |
| Loans to Others | — | 2,73,304 |
| Prepaid Expenses | 2,43,569 | 1,93,338 |
| Balances with Customs, Central Excise Authorities, etc. | 4,78,454 | 8,57,415 |
| | <u>2,88,57,659</u> | <u>1,61,30,893</u> |

SCHEDULE 'I'

| CURRENT LIABILITIES AND PROVISIONS | 1979 Rs. | As at 31st December, 1978 Rs. |
|----------------------------------------------------------------------------------------------------------------|---------------------|----------------------------------------------|
| CURRENT LIABILITIES | | |
| Sundry Deposits | 56,20,144 | 31,94,589 |
| Sundry Creditors (includes Rs. 3,84,59,830 towards purchase of Capital Assets - Previous year Rs. 1,12,48,945) | 17,58,99,844 | 10,35,98,627 |
| Unclaimed Dividends | 95,664 | 5,02,089 |
| Interest accrued but not due on loans | 39,57,102 | 19,21,063 |
| Excess Debenture and Share /Application Monies refundable | 4,13,72,813 | — |
| PROVISIONS | | |
| Taxation (Net of Payments) | 33,95,400 | 33,25,232 |
| Gratuity and Superannuation Funds | 12,95,866 | 11,34,103 |
| Proposed Dividends | 1,58,19,393 | 91,89,750 |
| | <u>24,74,56,226</u> | <u>12,28,65,453</u> |

SCHEDULES FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'J'

| OTHER INCOME | 1979 Rs. | As at 31st December, 1978 Rs. |
|-------------------------------------------------------------------------------------------------------|--------------------|-------------------------------------|
| Incentives, Assistance & Drawbacks on Exports received | 1,75,61,218 | 1,46,83,264 |
| Processing & Crimping Charges | 41,80,903 | 26,68,518 |
| Interest received - Gross (Tax at source Rs. 6,645— Previous year Rs. 6,546) | 10,53,528 | 46,064 |
| Dividend income from Trade Investments - Gross (Tax at source Rs. 90-Previous year Rs. 86) | 375 | 375 |
| Miscellaneous Receipts | 32,75,842 | 22,46,618 |
| | <u>2,60,71,866</u> | <u>1,96,44,839</u> |

SCHEDULE 'K'

VARIATION IN STOCKS

| | 1979 | As at 31st December, 1978 |
|----------------------------------|---------------------|------------------------------|
| Stock-in-trade (at close) | Rs. | Rs. |
| Finished Goods | 16,21,89,273 | 10,20,44,557 |
| Stock-in-process | 7,62,58,734 | 6,00,62,241 |
| Others | 14,67,879 | 6,31,772 |
| | <u>23,99,15,886</u> | <u>16,27,38,570</u> |
| Stock-in-trade (at commencement) | | |
| Finished Goods | 10,20,44,557 | 5,41,85,612 |
| Stock-in-process | 6,00,62,241 | 2,94,67,877 |
| Others | 6,31,772 | 51,52,423 |
| | <u>16,27,38,570</u> | <u>8,88,05,912</u> |
| | <u>7,71,77,316</u> | <u>7,39,32,658</u> |

Annual Report 1979

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'L'

MANUFACTURING AND OTHER EXPENSES

| | Rs. | 1979 | Rs. | As at 31st December, 1978 Rs. | Rs. |
|-------------------------------------------------------------------------------------------------------------------------------------------|--------------|---------------|-----|-------------------------------------|--------------|
| Raw Materials Consumed: | | | | | |
| Stocks at commencement | 5,48,53,843 | | | 1,74,14,348 | |
| Add: Purchases | 88,82,15,226 | | | 63,01,39,143 | |
| | | | | | |
| | 94,30,69,069 | | | 64,75,53,491 | |
| Less: Stocks at close | 7,23,71,549 | | | 5,48,53,843 | |
| | | 87,06,97,520 | | | 59,26,99,648 |
| Manufacturing Expenses | | | | | |
| Carriage Inward | 35,83,247 | | | 24,58,010 | |
| Stores & Spareparts consumed | 1,67,20,859 | | | 1,63,43,183 | |
| Dyes & Chemicals | 5,00,23,895 | | | 3,91,91,662 | |
| Electric Power, Fuel & Water | 2,66,75,019 | | | 1,93,50,884 | |
| Machinery Repairs | 18,76,786 | | | 25,90,598 | |
| Building Repairs | 12,01,230 | | | 18,09,952 | |
| Labour, Processing & Machinery Hire | | | | | |
| Charges | 1,88,11,732 | | | 1,52,64,439 | |
| Excise Duty on Yarn | 2,05,58,468 | | | 1,21,59,967 | |
| | | 13,94,51,236 | | | 10,91,68,695 |
| Payments to and Provisions for Employees | | | | | |
| Salaries, Wages and Bonus | 4,00,27,270 | | | 3,61,19,319 | |
| Contribution to Provident Fund, Gratuity, Superannuation Fund, Employees State Insurance Scheme, Pension Scheme, Labour Welfare Fund etc. | 55,28,879 | | | 47,35,902 | |
| Employees' Welfare and other amenities (including contribution of Rs. 13,10,000 to Reliance Employees' Welfare Association) | 38,06,137 | | | 22,52,175 | |
| | | 4,93,62,286 | | | 4,31,07,396 |
| Sales & Distribution Expenses | | | | | |
| Samples, Sales Promotion & Advertisement Expenses | 2,91,07,821 | | | 1,74,10,835 | |
| Brokerage & Commission | 1,14,64,307 | | | 66,15,454 | |
| Export Expenses | 22,56,027 | | | 42,44,740 | |
| Packing Expenses | 2,16,09,177 | | | 1,52,34,602 | |
| Warehousing Charges | 4,33,414 | | | 4,24,199 | |
| Carriage Outward | 15,27,269 | | | 26,50,839 | |
| Sales Tax (of earlier years) | — | | | 77,930 | |
| | | 6,63,98,015 | | | 4,66,58,599 |
| Carried forward. | | 112,59,09,057 | | | 79,16,34,338 |

Reliance Textile Industries Limited

SCHEDULE FORMING PART OF THE PROFIT AND LOSS ACCOUNT

SCHEDULE 'L' (Contd.)

| | Rs. | 1979 Rs. | As at 31st December, 1978 Rs. |
|---------------------------------------------------------------|-------------|----------------------|-------------------------------------|
| Brought forward | | 112,59,09,057 | 79,16,34,338 |
| Establishment Expenses | | | |
| Insurance | 16,39,373 | | 13,59,981 |
| Rent | 8,48,732 | | 1,85,918 |
| Rates & Taxes | 1,22,247 | | 83,006 |
| Other Repairs | 12,83,514 | | 11,19,374 |
| Travelling Expenses (including Rs. 2,18,630 for Directors) | 30,75,835 | | 23,77,796 |
| Auditors' Remuneration | 2,33,968 | | 1,94,696 |
| Directors' Fees | 15,750 | | 11,000 |
| General Expenses | 1,25,40,604 | | 1,61,08,291 |
| Provision for Doubtful Debts | 3,80,171 | | — |
| Charity & Donation | 35,38,529 | | 17,48,622 |
| | | <u>2,36,78,723</u> | <u>2,31,88,684</u> |
| | | <u>114,95,87,780</u> | <u>81,48,23,022</u> |

SCHEDULE 'M'

| INTEREST | 1979 Rs. | 1977-78 Rs. |
|-----------------|--------------------|--------------------|
| Debentures | 19,48,359 | — |
| Fixed Loans | 1,91,85,843 | 1,36,81,631 |
| Others | 5,04,03,815 | 3,58,08,987 |
| | <u>7,15,38,017</u> | <u>4,94,90,618</u> |

SCHEDULE 'N'

NOTES AND CONTINGENT LIABILITIES

1. The previous period's figures have been regrouped and recasted wherever necessary. The current financial year is for twelve months, whereas the previous financial year was for fifteen months. The previous year's figures are, therefore, not comparable with those of the current financial year.
2. Depreciation on Fixed Assets is provided in accordance with the provision of Section 205(2) (b) of the Companies Act, 1956.
3. The Company is accounting the following on cash basis:
 - (a) Export Incentives and other claims;
 - (b) Drawback on return of cops;
 - (c) Interest on Investments;
 - (d) Interest, discount charges, etc. recoverable on over-due bills.
4. As per the past practice, Foreign Currency Loans availed during the year from the Financial Institutions have been accounted for in terms of Indian Rupees at the exchange rates prevailing as on the last day of the year and differences on account of fluctuations in exchange rates on repayment of instalments of earlier Foreign Currency Loans have been accounted for in Profits & Loss Account.
5. In the opinion of the Board, the current assets, loans and advances are approximately of the value stated, if realised in the ordinary course of business. The provision for depreciation and for all known liabilities is adequate, and neither in excess of, nor short of the amount reasonably necessary.
6. The Company does not expect any liability in respect of pending Sales Tax assessments.
7. The Company does not expect any Income-tax Liability for the pending assessments. including those of the amalgamating company, as well as, for the current year, in view of it's higher claims of depreciation, investment allowance, export markets development allowance, and reliefs in

respect of investments made in new industrial undertakings under Section 80-J of the Income Tax Act, 1961 in terms of Judicial Pronouncements.

8. The Financial Institutions have an option, subject to Central Government's approval, to convert Rs. 60 lakhs out of Term Loans of Rs. 245 lacs sanctioned and Privately Placed Debentures of Rs. 55 Lacs to be issued aggregating to Rs. 300 lacs into Equity Shares of the Company at a premium of Rs. 15 per share. This option 'S' exercisable during the period from 1st October 1980 to 30th September 1982.
9. The figure of "Sales" has been arrived at after adjusting:

| | 1979 | 1977-78 |
|--------------|-------------|-------------|
| 1. Excise | | |
| Duty paid | 3,48,67,188 | 2,53,90,935 |
| 2. Sales Tax | 1,35,40,409 | 1,03,03,072 |

10. AUDITORS' REMUNERATION

| | 1979 | 1977-78 |
|---------------------------------------------------------------------------|-----------------|-----------------|
| | Rs. | Rs. |
| (a) As Audit Fees | 1,00,000 | 75,000 |
| (b) As remuneration for certification and consultation on finance matters | 65,000 | 50,000 |
| (c) Out-of-pocket expenses reimbursed and/or incurred by the Company | 68,968 | 69,696 |
| | <u>2,33,968</u> | <u>1,94,696</u> |

NOTE: The above does not include Rs. 40,000 paid for Auditors' Report for Prospectus issued during the year.

Annual Report 1979

SCHEDULE 'N' (Contd)

| | As at 31st December, 1979 | As at 31st December, 1978 | |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|-------------|
| | Rs. | Rs. | |
| 15. CONTINGENT LIABILITIES | | | |
| (a) Estimated amount of Contracts remaining to be executed on capital account and not provided for (Advances paid Rs. 85,72,632 - Previous year Rs. 54,98,818) | 5,99,67,026 | 1,08,49,738 | |
| (b) Counter guarantees given to the Bankers in respect of guarantees furnished by them | 65,99,419 | 10,88,46,346 | |
| (c) Bonds executed in favour of Excise and Customs Authorities | 32,94,47,660 | 18,86,23,000 | |
| (d) Uncalled liability on partly paid shares | 16,875 | 3,61,000 | |
| (e) Claims against the Company not acknowledged as debts | 1,72,500 | 99,000 | |
| 16. DETAILS REGARDING LICENSED AND INSTALLED CAPACITY TO MANUFACTURE ART SILK FABRICS ETC. | | | |
| (a) Licenced Capacity | 1979 | 1977-78 | |
| Spindles | 12,500 | — | |
| Looms | 450 | 450 | |
| Knitting Machines (As per Textile Commissioner's Permit) | 22 | 22 | |
| (b) Installed Capacity (As certified by the Management) | | | |
| Spindles | 9,582 | — | |
| Looms | 450 | 450 | |
| Knitting Machines | 22 | 22 | |
| Crimping and Twisting Machines | 80 | 61 | |
| 17. PRODUCTION | Unit | 1979 | 1977-78 |
| Crimped Yarn (including Twisted Yarn) | Kgs. | 46,49,597 | 27,61,442 |
| Fabrics | Mtrs. | 3,16,70,293 | 2,38,46,217 |
| Blended Yarn | Kgs. | 5,114 | |
| 18. VALUE OF IMPORTS ON C.I.F. BASIS IN RESPECT OF (Based on retirement of documents) | Rs. | Rs. | |
| i) Yarn (including acquired from local parties Rs. 1,29,47,715) | 9,31,32,830 | 8,81,21,985 | |
| ii) Fibre | 11,56,313 | — | |
| iii) Dyes & Chemicals and Stores & Spareparts | 22,37,456 | 48,15,411 | |
| iv) Capital Goods | 4,39,69,917 | 5,69,78,800 | |
| 19. EXPENDITURE IN FOREIGN CURRENCY ON ACCOUNT OF | | | |
| Interest on foreign currency, loans | 68,31,777 | 50,52,882 | |
| Other matters (including commitment charges Rs. 1,90,626 on Foreign Currency Loans - Previous Year Rs. 1,95,428) | 13,07,553 | 8,12,425 | |

SCHEDULE 'N' (Contd)

20. QUANTITATIVE INFORMATION IN RESPECT OF OPENING STOCK, CLOSING STOCK, PURCHASES, SALES AND CONSUMPTION OF RAW MATERIALS

| | Unit | Qty. | 1979 Rs. | Qty. | 1977-78 Rs. |
|------------------------------------|-------|-------------|--------------|-------------|----------------|
| (a) Opening Stock | | | | | |
| Yarn | Kgs. | 1,95,142 | 2,24,05,455 | 2,36,230 | 1,24,92,833 |
| Fabrics | Mtrs. | 34,88,671 | 8,02,70,874 | 24,59,303 | 4,68,45,200 |
| Stock-in-process | Mtrs. | 37,97,929 | 6,00,62,241 | 26,66,587 | 2,94,67,877 |
| (b) Closing Stock | | | | | |
| Yarn | Kgs. | 3,55,474 | 1,83,39,286 | 1,95,142 | 2,24,05,455 |
| Fabrics | Mtrs. | 54,64,134 | 14,53,17,866 | 34,88,671 | 8,02,70,874 |
| Stock-in-process (Fabrics) | Mtrs. | 36,62,825 | 7,60,15,824 | 37,97,929 | 6,00,62,241 |
| Stock-in-process (Blended Yarn) | Kgs. | 3,118 | 2,42,910 | — | — |
| (c) Purchases | | | | | |
| Yarn | Kgs. | 5,49,060 | 7,88,66,989 | 9,55,745 | 13,11,17,060 |
| Fabrics | Mtrs. | 55,03,992 | 9,51,87,183 | 79,52,378 | 12,77,92,015 |
| Polyester Fibre | Kgs. | — | — | 27,382 | 17,24,157 |
| Sea Foods | Lbs. | 69,59,363 | 13,34,83,427 | 45,82,046 | 6,82,26,908 |
| Laces | Boxes | — | — | 10,126 | 1,48,333 |
| Sundries | — | — | 74,946 | — | 6,668 |
| (d) Sales | | | | | |
| Yarn | Kgs. | 39,68,734 | 62,89,66,884 | 30,26,180 | 45,73,36,426 |
| Blended Yarn | Kgs. | 365 | 44,177 | — | — |
| Semi-finished Fabrics | Mtrs. | — | — | 19,90,000 | 4,98,29,150 |
| Fabrics | Mtrs. | 3,51,98,822 | 78,89,05,973 | 2,87,79,227 | 62,61,12,365 |
| Polyester Fibre | Kgs. | — | — | 27,382 | 18,53,761 |
| Sea Foods | Lbs. | 69,59,363 | 13,32,58,636 | 45,82,046 | 6,57,90,857 |
| Laces | Boxes | — | — | 10,126 | 1,57,444 |
| Sundries | — | — | 77,465 | — | 10,982 |
| (e) Raw Materials Consumed | | | | | |
| Yarn | Kgs. | 61,76,455 | 69,25,30,195 | 41,26,843 | 40,94,39,531 |
| Fabrics (Grey) | Mtrs. | 1,37,25,743 | 16,47,98,668 | 1,26,68,428 | 18,32,60,117 |
| Fibre | Kgs. | 2,11,878 | 1,33,68,657 | — | — |

Annual Report 1979

SCHEDULE 'N' (Contd)

| | Rupees | 1979 % of total consumption | Rupees | 1977-78 % of total consumption |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------|-----------------------------------|----------------------------|--------------------------------------|
| 21. VALUE OF RAW MATERIALS CONSUMED | | | | |
| Imported (including Import Duty of Rs. 36,25,53,895) | 45,31,52,008 | 52.05 | 30,33,40,508 | 51.18 |
| Indigenous | 41,75,45,512 | 47.95 | 28,93,59,140 | 48.82 |
| | <u>87,06,97,520</u> | <u>100.00</u> | <u>59,26,99,648</u> | <u>100.00</u> |
| 22. VALUE OF DYES AND CHEMICALS, STORES AND SPAREPARTS CONSUMED | | | | |
| imported | 1,05,45,673 | 15.80 | 79,83,799 | 14.38 |
| Indigenous | 5,61,99,081 | 84.20 | 4,75,51,046 | 85.62 |
| | <u>6,67,44,754</u> | <u>100.00</u> | <u>5,55,34,845</u> | <u>100.00</u> |
| 23. EARNINGS IN FOREIGN EXCHANGE | | 1979 Rs. | | 1977-78 Rs. |
| Export of goods on F.O.B. basis | | 19,03,38,125 | | 12,27,00,472 |
| Interest received | | 7,54,791 | | — |
| 24. Remittance in foreign currency on account of Dividend | | Nil | | Nil |
| | | | 1979 | 1977-78 |
| 25. a) Break-up of expenditure incurred on employees who were employed throughout the year and were in receipt of remuneration for the year which in aggregate was not less than Rs. 36,000 per annum: | | | | |
| 57 Number of employees | | | | 69 |
| Salaries & Bonus | | Rs. 27,64,357 | | 27,40,973 |
| Contribution to Provident Fund & Superannuation Fund | | Rs. 6,42,287 | | 6,33,567 |
| Other Perquisites | | Rs. 5,39,441 | | 4,14,473 |

SCHEDULE 'N' (Contd)

1979 1977-78

- b) Break-up of expenditure incurred on employees who were employed for a part of the year and were in receipt of remuneration for any part of the year at a rate which in aggregate was not less than Rs. 3,000 per month:

| | | |
|--------------------------------------------------------|--------------|----------|
| Number of employees | 23 | 14 |
| Salaries & Bonus | Rs. 3,83,210 | 2,99,356 |
| Contribution to Provident Fund and Superannuation Fund | Rs. 64,706 | 62,364 |
| Other Perquisites | Rs. 1,17,236 | 45,632 |

As per our Report of even date

For **RAJENDRA & CO.**
Chartered Accountants,

R. J. SHAH
Proprietor.

BOMBAY
Dated: 31st March, 1980.

For **CHATURVEDI & SHAH,**
Chartered Accountants,

D. CHATURVEDI
Partner.

S. NATARAJAN
Company Secretary

BOMBAY
Dated: 28th March, 1980.

D. H. AMBANI Chairman & Managing Director

K. GOPAL RAO
J. R. SHAH
M.L.BHAKTA
K. S. SHENOY
A. J. ADVANI
T. RAMESH U. PAI } Directors

N. H. AMBANI
R. C. PATEL
R. L. MESWANI } Executive Directors

AUDITORS' REPORT

To
The Members of Reliance Textile Industries Limited

We have audited the attached Balance Sheet of RELIANCE TEXTILE INDUSTRIES LIMITED as at 31st December, 1979 and also the annexed Profit & Loss Account of the Company for the year ended on that date and have to report as under:-

Attention is invited to the notes appearing in the Schedules and to the Notes forming part of the accounts. Subject to above, we report that:

1. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
2. In our opinion, proper Books of Account as required by law have been kept by the Company, so far as appears from our examination of the Books of Account.
3. The Balance Sheet and Profit and Loss Account dealt with by the report are in agreement with the Books of Account.
4. In our opinion and to the best of our information and according to the explanations given to us, the accounts, read with the notes thereon, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view:
 - i) in the case of the Balance Sheet of the state of affairs of the Company as at 31st December, 1979 and
 - ii) in the case of the Profit and Loss Account of the 'Profit' for the year ended on that date.

As required by the Manufacturing and other Companies (Auditor's Report) Order, 1975 issued by the Company Law Board in terms of Section 227(4A) of the Companies Act, 1956 and on the basis of such check as we consider appropriate, we further report that:

- i) The Company has maintained records showing quantitative details of plant and machinery, land and buildings, and vehicles only. The Management has certified having physically verified the Fixed Assets of the Company at the end of the year except furniture and fixtures and factory equipments and that no serious discrepancies were noticed on such verification as compared with the available records.
- ii) None of the Fixed Assets have been revalued during the year.
- iii) Physical verification was conducted by the Management at reasonable intervals during the year in respect of finished goods, stores, spare parts and raw materials. The discrepancies on such verification as compared to book records were not significant and the same have been dealt with in the books of account. The valuation of these stocks is fair and proper, and is in accordance with the normally accepted accounting principles and is on the same basis as in the previous year.
- iv) We are informed by the Management that the Company has not taken any loans from Companies, Firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956, and that since there are no bodies corporate under the same management, the register under Section 370 (1-C) of the Companies Act, 1956 is not required to be maintained.

- v) Loans and Advances in the nature of loans have been given to employees only. The loans are being free of interest and the terms of repayment of loans in a few cases are not separately specified. The recovery of the principal amount was not regular in a few cases.
- vi) On the basis of selective checks carried out during the course of audit and according to the information and explanations given to us, there is adequate internal control procedure commensurate with the size of the Company for the purchase of stores, raw-materials including components, plant and machinery, equipments and other assets.
- vii) In our opinion and according to the information and explanations given to us, the prices paid for the purchase of raw materials or components in excess of Rs.10,000/- in value for each type from firms or companies or other parties in which the Directors are interested as listed in the Register maintained under Section 301 of the Companies Act, 1956 are reasonable as compared to the prices of similar items purchased/ quotations obtained from other parties.
- viii) As explained to us, the Company introduced during the year procedure to determine unserviceable or damaged stores and raw materials, and adequate provision for the loss so determined at the end of year is made in the accounts.
- ix) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Section 58-A of the Companies Act, 1956, and the Rules made thereunder, with regard to the Fixed Deposits accepted from the Public.
- x) According to the information and explanations given to us, the Company has no by-products and in our opinion, reasonable records have been maintained by the Company for the sale and disposal of realisable scrap.
- xi) We are informed that the management has taken effective steps during the year to improve the internal audit system. Firms of Chartered Accountants have been appointed to improve internal audit in respect of significant areas of the Company's business. In our opinion, the system needs to be made more exhaustive so as to be commensurate with the growing size and nature of the business of the Company, for which, we are informed, that the management is taking necessary steps.
- xii) We are informed that the Central Government has not prescribed maintenance of cost records under Section 209(1)(d) of the Companies Act, 1956 in respect of any of the manufacturing activities of the Company.
- xiii) According to the records of the Company, Provident Fund dues have been regularly deposited during the year with the appropriate authorities.
- xiv) In respect of trading activities, we are informed that the Company does not have damaged goods lying with it at the end of the year. Therefore, no provision for any loss is required to be made in the accounts.

For **RAJENDRA & CO.**
Chartered Accountants.

R. J. SHAH.
Proprietor.

For **CHATURVEDI & SHAH.**
Chartered Accountants.

D. CHATURVEDI.
Partner.

BOMBAY

Dated the 31st day of March, 1980.